

Digital Economy in India, Perspective and Impact on Indian Economy

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Abstract: Digital Economy refers to an economy that is based on digital technologies. Digital India programme is one of the foundation programmes of Indian Government, it was launched by the Government of India on July 1st, 2015. Today Digital technologies is playing significant role in our nation, in order to create more job opportunities among the youths in rural and urban areas. It essentially covers all business, economic, social, cultural etc. activities that are supported by the web and other digital communication technologies. The digital economy is also sometimes called the Internet Economy or Web Economy. Digital networking and communication infrastructures provide a global platform over which people and organization devise and employ new business strategies, the main aim of the digital India is to educate every people and increase awareness about digital process. The digital economy became the model global economy as the last stage for the devolvement of the economy. The digital economy is growing fast in India. Digital Economy refers to an economy that is based on digital technologies. The growth, integration and sophistication of information technology and communications are changing our society and economy. Digital technology in the form of the Personal Computer and the Internet has already transformed work, education, and government, entertainment, generating new market opportunities and having a major economic impact across a broad range of sectors. In the ICT of the digital economy, India appears to have comparative advantage to grow to global stature. No doubt, the digital economy has the risks and problems of Security and Privacy which are more in the case of India subject to internal and external risk. The roll out of e-Government services in India is currently lightly well, but policies of digital inclusion should play an advanced role in this development, Digitalization will lead to cost savings, increased output, better employment, enhanced productivity & literacy, etc. In the agricultural sector and in Industrial sector, digitalization will help in betterment of all the processes, be it, purchasing, selling, inventory control, trade relations, employment, product innovation & development, etc. Automation of Service Sector will help in growth of the sector by increasing the ease in access to and rendering of the services

Keywords: Digital Economy, Web Economy, Technology, Devolvment, ICT, E-Government, internal and external risk

Introduction: The digital economy is the worldwide network of economic activities, commercial transactions and professional interactions that are enabled by information and communications technologies (ICT). It can be succinctly summed up as the economy based on digital technologies. The best example of this is the rise of digital platforms such as Amazon, Uber. These companies connect market participants together in a virtual world. They reveal optimal prices and generate trust between strangers in new ways. Digitalization has been one of the most important trends in India over the past few years. It has emerged as the second-fastest digital adopter among seventeen major digital economies. This rapid growth helps propel India to the forefront of digital and technological innovation, particularly leveraging the energies of the country's young population. Since the launch of the "Digital India" program in 2015 to date, there have been many significant improvements in digital infrastructure, in the digital delivery of public services and financial assistance to citizens, and in enhancing digital consciousness and literacy.

India can create over \$1 trillion of economic value from the digital economy in 2025, with half the opportunity originating in new digital ecosystems that can spring up in diverse sectors, says a report from Ministry of Electronics and Information Technology, in partnership with McKinsey. "The trillion dollar economy report is the symbol of opportunity that India offers," said Ravi Shankar Prasad, Minister of Information Technology. "Digital India is also an opportunity for people in digital space to do business in India. The size and scale that India offers is a big business opportunity for global companies," he added. According to the report, the potential for five-fold increase in economic value from India's digital transformation by 2025 would create a rapidly growing market for a host of digital services, platforms, applications, content, and solutions. This represents an attractive opportunity for global and local businesses, start-ups, and platform-based innovators who will be investing in emerging technologies (for example, artificial intelligence, block chain, drones, and robotics) customized to India's needs. Digital economy refers to an economy that is based on digital technologies, although we increasingly perceive this as conducting business through market based on the internet and World Wide Web. Digital networking and communication infrastructures provide a global platform over which people and organization.

Contribution to GDP

Currently, India's digital economy generates about \$200 billion of economic value annually 8 per cent of India's GVA in 2017-18 largely from existing digital ecosystem comprising

information technology and business process management (IT-BPM), digital communication services (including telecom), e-commerce, domestic electronics manufacturing, digital payments, and direct subsidy transfers, the report said. "By 2025, India could create a digital economy of \$800 billion to \$1 trillion (value equivalent to 18-23 per cent of the country's nominal GDP). The existing digital ecosystem could contribute up to \$500 billion of economic value, but the potential economic value for India could be as much as double that amount almost \$1 trillion if digital technologies are used to unlock productivity, savings, and efficiency across more diverse sectors such as agriculture, education, energy, financial services, government services, healthcare, logistics, manufacturing, trade, and transportation," the report said.

Objectives:

- 1) To study the concept of Digital Economy in India. .
- 3) To study the impact of digitalization on various sectors of Indian economy.

Methodology:

The methodology used in this research work is secondary data analysis. This paper covers Impact of digitalization on Indian Economy, Only secondary data from some authentic government sources and research papers of eminent researchers are used.

Digital Economy and Government Benefit.

- 1) Removal of Black Economy:** When the transactions are made digitally, they can be easily monitored. Any payment made by any customer to any merchant will be recorded. This way, there will be no means for illegal transactions to occur. By restricting the cash-based transactions and using only digital payments, the government can efficiently expel the black economy.
- 2) Increase in Revenues:** This is one of the most obvious and common benefits of the digital economy. When the transactions are digitized, monitoring sales and taxes becomes convenient. Since each transaction is recorded, the customers will get a bill for their purchase, and the merchants are bound to pay the sales tax to the government. This, in turn, increases the revenue of the government – thus resulting in growth of the overall financial status of the country.
- 3) Empowerment to People:** One of the biggest advantages of moving towards digital economy is that it gives an empowerment to the citizens. When the payments move digital, each and every individual is bound to have a bank account, a mobile phone, etc. This way, the government can easily transfer the subsidies directly to Aadhaar-linked bank accounts of people. In short, people no longer have to wait to receive the incentives and subsidies that they are bound to receive from the

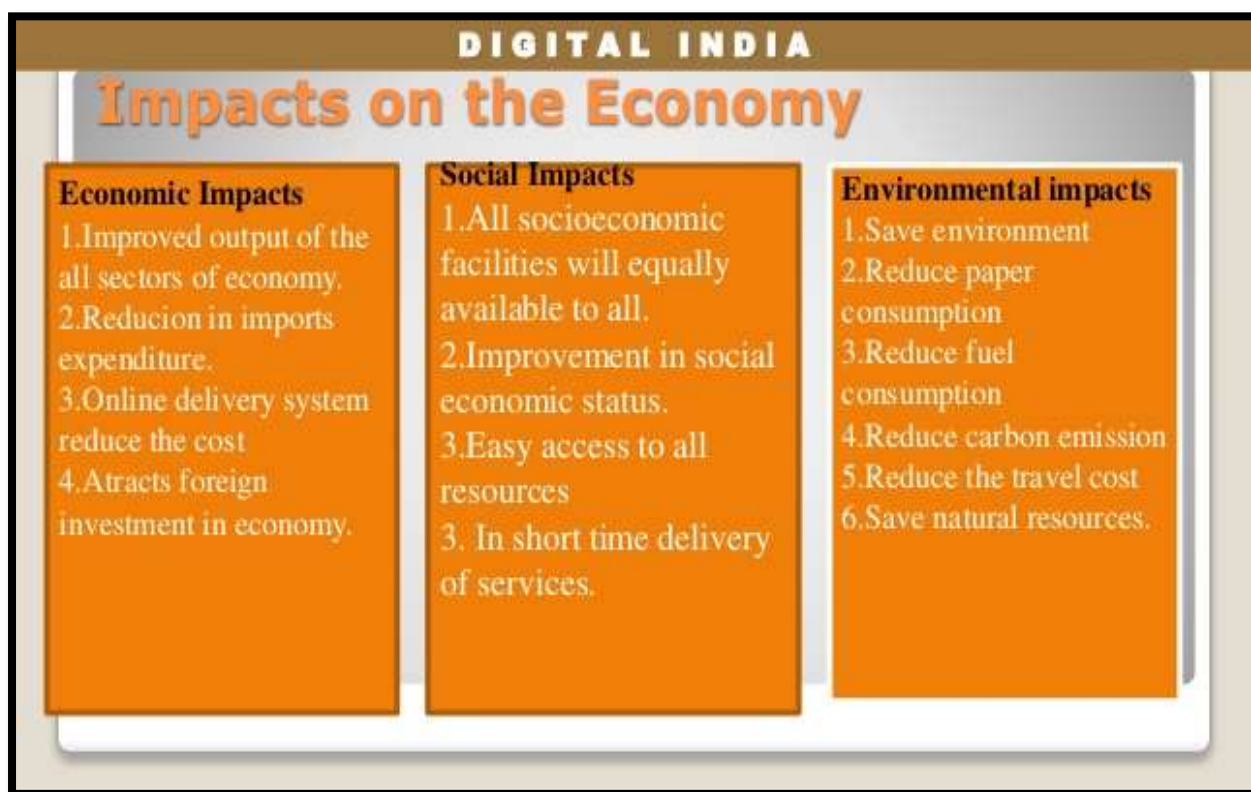
government. This feature is already in place in most cities. One example of that would be the LPG subsidy that government gives to the common people. This subsidy payment is done via bank transfers these days.

4) Digital economy and e-governance: The quicker, safer, and more efficient alternative to traditional governance, e-governance will be the ultimate outcome of the digital economy. From birth certificate to death certificate, everything is available online – thus it is convenient for people to access the information they need on the go. Digital economy will definitely pave a way to e-governance, where delivery of all government services would be done electronically.

5) New jobs: The digital economy has a lot of potentials to enhance job opportunities in new markets as well as increasing employment opportunities in some of the existing occupations in the government. This way, the unemployment rate in the country is bound to decrease.

IMPACT OF DIGITALIZATION ON INDIAN ECONOMY:

Digitalization has played a vital role in flourishing the Indian economy. The biggest example is the job opportunities created in the country for youth. In addition to the above, “make in India” drive has given an immense push to youngsters to start new start-ups and think of creative ideas to contribute to digitalization of India. The government on its end is pushing and encouraging the Indian public to go cashless and reduce reliance on cash transactions. The purpose is to make us adopt digital payments. Digital transactions make us follow a legal path which is helpful to flourish the economy. Use of plastic money gives freedom as well as security to citizens of the country because it works on technical grounds. Digital payments will be helpful to the global world. Since cash is the primary mode of transactions in money laundering and terrorism funding, a digital society would discourage such laundering and terrorism. Statistics related to an impact of digitization on the Indian economy in terms of employment, contribution to GDP in comparisons with other countries: The automation of the economic sectors will lead to better performance and growth of the sectors, which in turn impact the growth rate of the economy. Digitalization will **lead to cost savings, increased output, better employment, enhanced productivity & literacy**, etc.



CONCLUSION:

The first task of the said digital economy that of the Indian economy is development and diversification and global competitiveness. In the ICT of the digital economy, India appears to have comparative advantage to grow to global stature. No doubt, the digital economy has the risks and

problems of Security and Privacy which are more in the case of India subject to internal and external risk. The roll out of e-Government services in India is currently lighty well, but policies of digital inclusion should play an advanced role in this development, in order to encourage the bridging of the ‘digital divide’. Many strengths and opportunities fuel the development of India, while at the same time new threats and challenges arise. The impact of the Internet in India is constrained by current gaps and obstacles in the Internet ecosystem due to the following obstacles : Limited availability of Internet infrastructure, High cost of access and usage, Lack of awareness and low digital literacy, Narrow range of applications and services and an unfavorable business environment.

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